

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

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West Delaware County Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2007 election)		
Gary Johnson	President	2008
Elwyn Curtis	Vice President	2009
Mike Ryan	Board Member	2007
Edith Fortmann-Comley	Board Member	2008
Cheryl Stufflebeam	Board Member	2009
Board of Education		
(After September 2007 election)		
Gary Johnson	President	2008
Elwyn Curtis	Vice President	2009
Edith Fortmann-Comley	Board Member	2008
Cheryl Stufflebeam	Board Member	2009
Mike Ryan	Board Member	2011
School Officials		
Rick Hilbert	Superintendent (Deceased 11/2007)	2008
Ron Goerdt	Director of Finance/ Board Secretary	2008
Don Hoskins	Attorney	2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
West Delaware County Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Delaware County Community School District, Manchester, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Delaware County Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2009 on our consideration of West Delaware County Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 21 and 45 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Delaware County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 23, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Delaware County Community School District provides this Management's Discussion and Analysis of its financial statements to assist in the viewer's comprehension of the overall document. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. The reader is encouraged to consider this information in conjunction with the District's financial statements, which follow.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. The District has made every attempt so that the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds and account groups in accordance with generally accepted accounting principles, (GAAP). All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

DISTRICT BACKGROUND

West Delaware County Community School District covers an area of 237 square miles in Northeast Iowa, encompassing the communities of Dundee, Greeley, Manchester, Masonville and Ryan, and serves the majority of students in Delaware County. Manchester is the county seat and the principal trading center for the surrounding area. The District is governed by an elected five-member Board of Directors who serve staggered four-year terms. The Board is a policy-making and planning body whose decisions are carried out by central office and building administrators.

The October, 2007 Certified Enrollment Report recorded a budget enrollment of 1,643.3 students, ranking West Delaware as the 58th largest of Iowa's 362 public school systems. The District operates one regular and one alternative high school, a middle school and a JK-4 elementary, offering a full range of educational services appropriate to students in early childhood through grade twelve. These services include both basic and enriched academic instruction; special education for children with special needs, vocational education and numerous individualized programs such as specialized instruction for at-risk students. The district employs 130 teachers to carry out its educational mission, which is formally stated as providing a safe, culturally rich environment in which all students can reach their full potential academically, emotionally and socially.

In addition to the typical elementary, middle school and high school programs, the District operates before and after school instructional programs, summer school, and shared-time programs with the local private school. The District also oversees an offsite Special Education program through an agreement with Delaware County Regional Medical Center's Partner's in Success Program. A wide range of extracurricular activities is supported through membership and participation in the WaMaC Athletic Conference and West Delaware students are regular contenders at state-level events.

Continuing education opportunities are available within easy commuting distance at the University of Northern Iowa in Cedar Falls; Loras College, Clarke College and the University of Dubuque in Dubuque; Upper Iowa University in Fayette; Wartburg College in Waverly; Hawkeye Community College in Waterloo; Northeast Iowa Community College in Peosta; and Coe College, Mt. Mercy College and Kirkwood Community College in Cedar Rapids.

The District is supported financially by state aid, property tax, income surtax, state and federal grants for special projects and local revenue received for tuition and other services.

District Facilities

The District has five buildings situated on three campuses.

<u>Building</u>	<u>Construction Dates</u>	<u>Grades</u>
High School	1952, 53, 54, 55, 59, 60, 96, 2006-09	9-12
High School Annex	1891, 1912, 20, 40	9-12
Middle School	1970, 90	5-8
Lambert Elementary	1962, 92	K-4
Kindergarten School	1916	PK, Kdgn.

Certified Enrollment

Certified enrollment for the official October headcount in the past five years has been as follows:

<u>Count Date</u>	<u>Fiscal Year</u>	<u>Enrollment</u>
October 2007	2007-08	1,643.3
October 2006	2006-07	1,662.2
October 2005	2005-06	1,674.7
October 2004	2004-05	1,663.4
October 2003	2003-04	1,740.8

Open Enrollment

For a variety of reasons, students enroll into or out of the District in compliance with Iowa's Open Enrollment law. Listed below are open enrollment results for the periods described:

<u>Fiscal Year</u>	<u>Enrolled In</u>	<u>Enrolled Out</u>
2007-08	59.0	120.7
2006-07	59.0	117.0
2005-06	64.0	104.4
2004-05	64.0	91.2
2003-04	60.0	98.2

2008 FINANCIAL HIGHLIGHTS

The District welcomed a new source of revenue when county residents approved a 1% School Infrastructure Local Option (SILO) Tax on May 20, 2003. Receipts generated from this county-wide vote commenced in the second quarter of 2004 following a January 1st implementation. District residents had also approved by a wide margin the continuation of a 10-year Physical Plant and Equipment Levy beginning 7/1/2006 at a September 13, 2005 election. In conjunction with the SILO funding, an infrastructure building and remodeling campaign, termed Phase I, occurred primarily on the high school campus. A total of \$7.5 million was earmarked for school improvements including; 16 classrooms, band and vocal music areas, student commons, kitchen and cafeteria, and a 700 seat auditorium. At the end of the year that project was nearing completion.

At a vote on September 25, 2007, County residents approved extension of the SILO funding for an additional 10 years when the original tax ends in 2012. As a result of this guaranteed funding stream, the School Board authorized bids to be taken on a Phase II construction project including; a competition gymnasium at the high school campus, eight classrooms and a commons/cafeteria at Lambert Elementary, and the remodeling of the current kindergarten building into a central administration office.

General Fund revenues increased from \$13,330,035 in fiscal 2007 to \$14,318,906 in fiscal 2008, while General Fund expenditures increased from \$13,802,382 to \$14,235,953. This resulted in an increase in the District's General Fund balance from \$162,000 in fiscal 2007 to a balance of \$244,953 in fiscal 2008. Despite frequent cutbacks in state aid during the past several years, the District managed its finances well enough to run its 2003-04 and 2004-05 operations without incurring a deficit, but deficit spending in 2005-06, 2006-07 and 2007-08 was due in part to decreasing student enrollment that didn't allow revenues to keep pace while committing some General Fund dollars to pay for a portion of the remodeling and new construction costs. This expense was specifically Board approved. Over this period, the financial solvency ratio has fallen from the 10-12% range to just under 1% before rising slightly to 1.5% in the past year. In 2007-08 the District transferred to the General Fund from the Capital Projects Fund \$401,500 for architect fees previously paid in the past year. The District is anticipating not replacing some staff from early retirements in the teaching ranks to help control future expenses.

As of 6/30/08, the District has bonded indebtedness totaling \$10,485,000, having sold \$5,800,000 of General Obligation Bonds in February 2008 and \$2,075,000 of PPEL Capital Loan Notes and \$3,785,000 of SILO Revenue Bonds in January 2006 and completing payments on two years of the debt schedule.

The District once again received an unqualified audit opinion, representing an acknowledgement that a sufficient degree of internal control, proper financial management and oversight exists. Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Fund Accounting

The District is organized and operates as a school corporation pursuant to Chapter 274 of the Code of Iowa. As such, the District maintains separate funds as allowed by statute. Following is a description of each fund.

The **General Operating Fund** is used to account for all transactions except those that are required by law to be accounted for in another fund. The bulk of General Fund revenues are derived from local property taxes and State foundation aid sources. The District receives a mix of property tax and State foundation aid based on a formula that takes into account enrollment and property valuations. The description of the formula is found in Chapter 257.1 of the Code and reads as follows:

"For a budget year, each school district in the State is entitled to receive foundation aid in an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the combined district cost per pupil, whichever is less."

The Code also allows for an "Allowable growth," defined as ". . . the amount by which State cost per pupil and district cost per pupil will increase from one budget year to the next" which is calculated each year by the Iowa Department of Management.

Presented below is the allowable growth the District has received (in total dollars) for the period indicated: Negative student enrollment growth equates to negative allowable growth from the state.

However, the state grants additional taxing authority, known as the Budget Guarantee, to districts in declining enrollment situations, and allows them to assess local property taxes in an amount such that the next year's budget is not less than a base year budget plus adjustments. This works on a declining percentage basis so that each year a district can only seek 10% less than the prior year's tax asking, thus effectively weaning them slowly away from this supplemental funding.

Additional property tax generated by the Budget Guarantee for West Delaware is:

<u>Fiscal Year</u>	<u>Addl. Property Tax</u>
2007-08	\$ 0
2006-07	\$155,224
2005-06	\$485,936
2004-05	\$500,652
2003-04	\$322,839

The District has generated a revenue mix in the Operating Fund as follows:

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>State Aid</u>
2007-08	\$4,661,116	\$6,371,588
2006-07	\$4,339,917	\$6,273,090
2005-06	\$4,353,762	\$5,867,667
2004-05	\$4,285,433	\$5,848,200
2003-04	\$4,220,208	\$5,899,356

Additional General Fund state and local revenue:

Instructional Support

Districts are allowed to fund supplementary educational programs or enhance current programs under the Instructional Support program, which allows a district to additionally generate up to 10% of the total regular program district cost for the budget year. These revenues can be locally generated from either ad valorem taxation, income surtax or both. In addition, revenues are appropriated by the State and provided to each district depending on formula. The District can participate in the Instructional Support program by generating local revenues after either (1) scheduling and holding an election on the proposed funding, programs, and mix of funding, which requires 50% approval of those voting at a special district election and allows the program to be funded for a period of ten years; or (2) after scheduling and holding two hearings on the programs and mix of funding, which can then be implemented after a 28-day period during which voters of the District can force an election, for a period of five years. West Delaware School District has a Board-authorized 5% Instructional Support program that generated \$443,475 in additional revenues during FY08. To assure a continued funding stream, the School Board committed to a 5 year extension of the levy through FY2012.

Cash Reserve Levy

The District can certify as part of its General Fund levy an additional property tax known as the Cash Reserve levy. This levy covers cash-flow needs and funds programs when other revenue sources are delayed or reduced. It is levied annually at the discretion of the Board of Directors. The District has levied the following in Cash Reserve for the period indicated:

<u>Fiscal Year</u>	<u>Cash Reserve Levy</u>
2007-08	\$500,000
2006-07	\$400,000
2005-06	\$200,000
2004-05	\$166,427
2003-04	\$100,000

The **Management Fund** is a special revenue fund tax levy used to account for all financial transactions authorized under section 298.4, Code of Iowa. The purpose of this fund is to pay the costs of unemployment or early retirement benefits, and the costs of property, liability, auto and worker's compensation insurance and judgments or settlements relating to liability. Presented below are the Management Fund levies for the periods indicated:

<u>Fiscal Year</u>	<u>Levy per \$1,000</u>
2007-08	\$.79043
2006-07	\$.76817
2005-06	\$.89755
2004-05	\$.75695
2003-04	\$.79935

The **Physical Plant and Equipment Fund (PPEL)** is a special revenue fund used to account for all financial transactions from the levy authorized, whether regular or voter-approved, under section 298.2, Code of Iowa. This fund is created to deposit and expend money from a levy certified by the Board of Directors not to exceed 33 cents and/or a levy authorized by a simple majority of the voters not to exceed \$1.34. The purpose of the fund is to pay the costs of specified major expenditures related to facilities, grounds and certain equipment. The District's current levies include the .33 Board authorized levy and a .67 voted levy.

The **Student Activity Fund** is a special revenue fund used to account for money received from student-related activities such as admissions, activity fees, student dues, student fund-raising events, or other student-related cocurricular or extracurricular activities. Monies in this fund must be used to support only the program defined in the administrative rules of the department of education. The Activity Fund is under the control of the School Board. No taxes are levied for this fund.

The **Capital Projects Funds** are established when a district issues bonds or other authorized indebtedness for capital projects or for the proceeds from a School Infrastructure Local Option Tax. When a capital project for facilities is initiated in any existing fund, the monies for that project are transferred to a capital project fund by an operating transfer from the fund authorized to initiate the acquisition or construction. Payments of the project's expenditures are made from the Capital Projects Fund established to account for the project.

The **Debt Service Fund** is established when a district issues bonds or other long-term indebtedness, except those financed by Proprietary or Trust funds. The purpose of the fund is to pay interest and principal when due on bonds or other authorized indebtedness issued by the district, and to make payments required under a loan, lease-purchase agreement, or other evidence of indebtedness authorized by the Code of Iowa. Monies available to service this debt and received from sources other than the debt service property tax levy shall be transferred to the Debt Service Fund through an operating transfer from the fund which issued the original indebtedness, and the payment of the debt shall be made from the Debt Service Fund. Expenditures for the payment of general long-term debt, including both principal and interest must be budgeted in the Debt Service Fund.

The **School Nutrition Fund** is a proprietary enterprise fund used to account for all transactions for the nutrition program authorized under chapter 283A, Code of Iowa. The program is supported by user fees, state and federal reimbursements, and District subsidies; no taxes are levied for this fund.

The **Private Purpose Trust Funds** are fiduciary funds used to account for money and property received and administered by the District as trustee or custodian or in the capacity of an agent. Generally, nonexpendable trust funds, pension trust funds, and agency funds are not budgeted.

Historic and Potential State and Federal Actions That Impact Current and Future District Budgets

The District's operating budget is subject to change based on events outside of its control, including annual student enrollment growth or decline and State and Federal funding. There may be changes in funding that are unknown or unanticipated at budget preparation time. Presented below is a discussion of some of the known conditions that could impact the District's operating budget:

State Funding

After the appropriation of State Aid (and after the adoption of the District's budget for a particular fiscal year), the Governor and the General Assembly have the ability to rescind all or a portion of the appropriation. Certain areas of the State's budget are exempt from these potential cuts; however, K-12 and community college funding are not exempt from rescission. Historically, rescissions were imposed in an "across-the-board" fashion, and all state funding was reduced in a percentage format. This had the potential to impact schools with low valuation per pupil much greater than schools with high per pupil valuations. In the 2002 General Assembly, the formula for rescission was altered for K-12 funding, such that all future rescissions, if any, would be applied to K-12 education on a "per-pupil" basis.

Historically, the Governor has rescinded state aid in the following percentages since 1980:

<u>Date</u>	<u>Percentage Rescission</u>
January 20, 2009	1.5%
October 10, 2003	2.5%
November 1, 2001	4.3%
April 8, 1992	.62%
July 1, 1991	3.25%
September 3, 1983	2.8%
December 15, 1980	1.0%
August 12, 1980	3.6%

Federal Funding

Federal legislation with respect to student achievement in future years may result in sanctions that could have financial implications for the General Fund operating budget. The "No Child Left Behind" act of 2001 applies sanctions to under-performing schools that, if the school remains under-performing (as defined by the act) allows the parents of pupils in the school to move to another school, transferring their funding to the new school. This act applies to individual school facilities and does not necessarily apply to school districts, however, the revenue impact to a school district could be material if the school district has a school facility that under-performs and starts to lose enrollment.

Investment of Public Funds

The District invests its funds pursuant to Chapter 12B of the Code of Iowa. No irregularities in the District's investing activities have been noted in District audits. Presented below is a summary of the investments from all funds of the District as of June 30, 2008.

\$ 900,000	Fixed rate CD's
\$6,577,106	Local Bank guaranteed rate investments & cash on hand

Iowa School Cash Anticipation Program ("ISCAP")

ISCAP issues warrants on behalf of member districts in the State of Iowa to fund cash flow deficits created by delinquent state aid or property tax receipts. The District has been a member since 1986. As the District's unspent cash balance has improved, reliance on ISCAP has diminished. Presented here is a history of the certificates issued.

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Fiscal Year</u>	<u>Principal Amount</u>
2005-06B	0	1997-98A	795,000
2005-06A	0	1996-97B	0
2004-05B	0	1996-97A	250,000
2004-05A	607,000	1995-96B	0
2003-04B	0	1995-96A	0
2003-04A	0	1994-95B	0
2002-03B	0	1994-95A	330,000
2002-03A	0	1993-94	755,000
2001-02B	0	1992-93	0
2001-02A	0	1991-92	1,000,000
2000-01B	0	1990-91	960,000
2000-01A	0	1989-90	890,000
1999-00B	0	1988-89	590,000
1999-00A	213,000	1987-88	670,000
1998-99B	0	1986-87	710,348
1998-99A	0	1985-86	724,290
1997-98B	0		

Pensions

All District employees qualify for participation in the Iowa Public Employees Retirement System (IPERS). Both the District and its employees contribute a fixed percentage of gross salary to this fund. Present contributions are established at the following levels:

	<u>Percentage</u>
District Share	6.05%
Employee Share	3.90%
Total	9.95%

The fund is administered by the State with administrative costs paid from income derived from invested funds. There are no additional costs to the District.

Property Tax Assessment

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. In compliance with section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential property.

The following table lists the rollback percentages applied during the past several years.

<u>Fiscal Year</u>	<u>Agricultural</u>	<u>Residential</u>	<u>Commercial</u>
2007-08	100.0000	45.5596	100.0000
2006-07	100.0000	45.9960	100.0000
2005-06	100.0000	47.9642	100.0000
2004-05	100.0000	48.4558	99.2570
2003-04	100.0000	51.3874	100.0000
2002-03	100.0000	51.6676	97.7701
2001-02	100.0000	56.2651	100.0000
2000-01	96.3381	54.8525	98.7732
1999-00	100.0000	56.4789	100.0000
1998-99	96.4206	54.9090	97.3606
1997-98	100.0000	58.8284	100.0000

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2006 are used to calculate tax liability for the tax year beginning July 1, 2007 through June 30, 2008. Presented below are the historic property valuations of the District by class of property.

Historic Property Valuations by Class of Property

Taxable Valuation

Valuation as of January . .	2006	2005	2004	2003	2002
Fiscal Year . . .	2007-08	2005-06	2004-05	2003-04	2003-04
Residential:	144,845,810	136,705,387	125,753,318	123,971,015	128,429,574
Agricultural Land:	101,176,524	101,210,624	101,210,624	101,210,624	101,315,724
Ag Buildings:	19,975,260	19,598,460	19,610,360	19,607,260	21,769,260
Commercial:	46,148,600	47,970,884	42,286,016	41,209,046	42,021,703
Industrial:	16,060,733	14,865,171	14,800,016	14,164,622	14,595,577
Personal RE:	0	292,800	293,000	293,000	293,000
Railroads:	1,577,824	939,971	683,454	381,801	278,900
Utilities:	48,953,052	50,889,259	50,985,220	48,924,332	46,544,502
Utility Replacement:	12,746,797	12,743,139	12,743,139	12,743,139	12,606,964
TIF Valuation:	6,710,000	10,200,000	10,720,000	10,710,000	10,900,000
Other:	0	0	0	0	0
Total Valuation:	398,194,600	395,415,695	379,054,072	373,842,311	393,855,122
Less Military:	1,237,136	1,226,024	1,227,776	1,222,155	1,235,132
NET Valuation:	396,957,464	394,189,671	377,826,296	372,620,156	392,619,990

Actual Valuation

Valuation as of January . .	2006	2005	2004	2003	2002
Fiscal Year . . .	2007-08	2005-06	2004-05	2003-04	2003-04
Residential:	311,314,769	303,880,469	268,850,332	262,512,132	249,924,250
Agricultural Land:	101,176,524	101,210,624	101,210,624	101,210,624	101,315,724
Ag Buildings:	19,975,260	19,598,460	19,610,360	19,607,260	21,769,260
Commercial:	33,909,198	33,982,698	33,429,198	31,474,758	42,021,703
Industrial:	7,042,565	6,749,195	6,743,880	6,146,565	14,595,577
Personal RE:	0	292,800	293,000	293,000	293,000
Railroads:	1,577,824	948,021	683,454	384,660	278,900
Utilities:	48,953,052	50,889,259	50,985,220	48,924,332	46,544,502
Utility Replacement:	18,876,379	17,382,519	17,382,519	17,382,519	16,573,695
TIF Valuation:	36,968,770	33,974,378	33,288,338	29,456,458	10,900,000
Other:	0	0	0	0	0
Total Valuation:	579,794,341	568,908,423	531,773,201	515,694,923	500,908,427
Less Military:	1,237,136	1,226,024	1,227,776	1,222,155	1,235,132
NET Valuation:	578,557,205	567,682,399	530,545,425	514,472,768	499,673,295

Historic Property Valuations by Class of Property

Valuation Year	Budget Year	Net Taxable Valuation w/Utilities	Percentage Change Taxable Valuation
2006	2007-08	396,957,464	0.70%
2005	2006-07	394,189,671	4.33%
2004	2005-06	377,826,296	2.74%
2003	2004-05	372,620,156	-5.09%
2002	2003-04	392,619,990	3.96%
2001	2002-03	377,646,930	6.57%
2000	2001-02	354,370,485	8.11%
1999	2000-01	327,792,129	4.01%

Tax Rates

Taxes levied by the District for the fund groups as presented, for the period indicated:

	<u>Operating</u>	<u>Management</u>	<u>Voted PPEL</u>	<u>Board PPEL</u>	<u>Debt Service</u>	<u>TOTAL</u>
2007-08	11.16302	0.79043	0.67000	0.33000	0.00000	12.95345
2006-07	11.30217	0.76817	0.67000	0.33000	0.00000	13.07034
2005-06	11.70090	0.89755	0.67000	0.33000	0.00000	13.59845
2004-05	11.84115	0.75695	0.67000	0.33000	0.00000	13.59810
2003-04	11.05577	0.79935	0.67000	0.33000	0.00000	12.85512

Largest Taxpayers

<u>Taxpayer</u>	<u>2007 Taxable Valuation</u>
Alliance Pipeline	42,710,559
Interstate Power & Light Co.	7,283,203
Exide Corporation	5,633,633
Wall Leasing	4,855,400
Central Iowa Power Coop	3,539,763
Acquisitions Investments of Manchester	3,154,980
Iowa Telecommunications	3,134,902
Chicago Central & Pacific RR	2,086,876
Wal-Mart Real Estate Business Trust	1,562,389
YBB Enterprises LLC	1,447,049

Property Tax Collection History – All Funds

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2007-08	\$5,061,762	\$5,051,496	100%
2006-07	\$4,813,649	\$4,816,085	100%
2005-06	\$4,843,279	\$4,843,755	100%
2004-05	\$4,665,263	\$4,574,030	98%
2003-04	\$4,547,344	\$4,580,746	101%
Average Percentage Collected:			100%

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Delaware County Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Delaware County Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Delaware County Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

West Delaware County Community School District Annual Financial Report

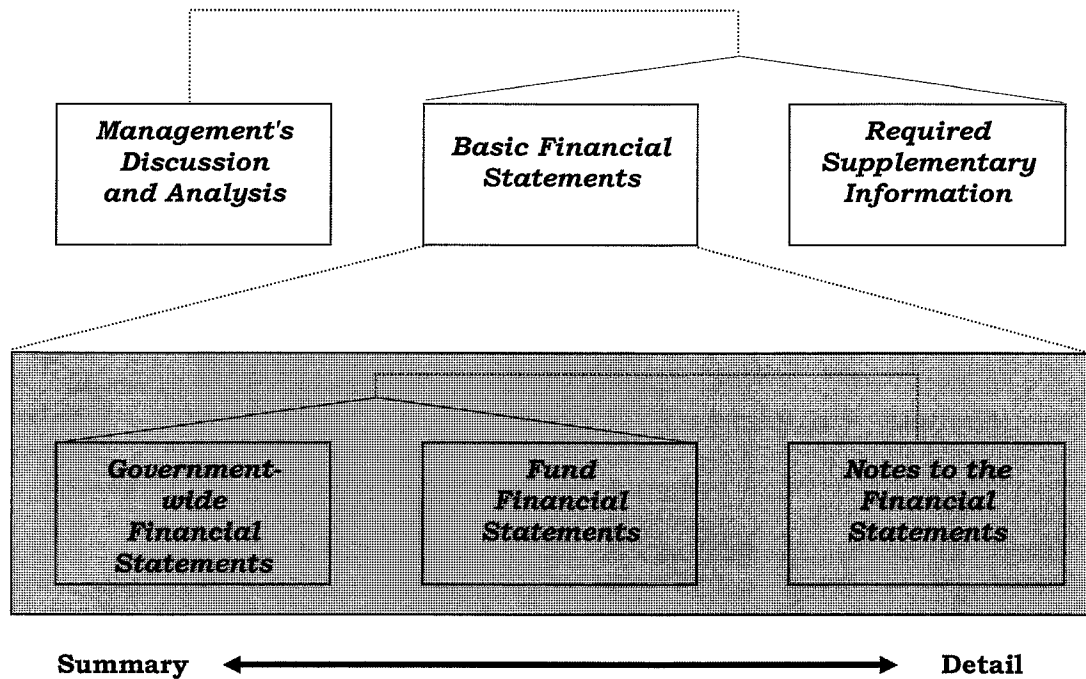


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to

measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three categories of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund. The District's Internal Service Fund, one type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District currently has one Internal Service Fund, which accounts for the District's self-funded insurance plan.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Private Purpose Trust Fund.

- Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 13,846,889	9,907,783	42,583	74,621	13,889,472	9,982,404	39.14%
Capital assets	10,930,104	7,720,631	175,610	165,144	11,105,714	7,885,775	40.83%
Total assets	24,776,993	17,628,414	218,193	239,765	24,995,186	17,868,179	39.89%
Long-term obligations	11,112,435	5,743,535	0	0	11,112,435	5,743,535	93.48%
Other liabilities	6,048,697	5,709,593	12,679	8,907	6,061,376	5,718,500	6.00%
Total liabilities	17,161,132	11,453,128	12,679	8,907	17,173,811	11,462,035	49.83%
Net assets:							
Invested in capital assets, net of related debt	5,651,170	2,415,631	175,610	165,144	5,826,780	2,580,775	125.78%
Restricted	1,856,251	3,511,133	0	0	1,856,251	3,511,133	-47.13%
Unrestricted	108,440	248,522	29,904	65,714	138,344	314,236	-55.97%
Total net assets	\$ 7,615,861	6,175,286	205,514	230,858	7,821,375	6,406,144	22.09%

The District's combined net assets increased by \$1,415,231, or 22.09%, over the prior year. The largest portion of the District's net assets is the restricted net assets – resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

The District's restricted net assets decreased \$1,654,882, or 47.13%, over the prior year. The decrease in restricted net assets was due to the decrease in the Local Option Sales and Services Tax Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$175,892, or 55.97%. The decrease in unrestricted net assets was due to the increase in early retirement and interest payable liabilities.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to June 30, 2007.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 1,077,204	1,024,805	381,722	381,848	1,458,926	1,406,653	3.72%
Operating grants and contributions and restricted interest	1,985,854	1,919,195	267,648	241,775	2,253,502	2,160,970	4.28%
Capital grants and contributions and restricted interest	779,795	251,856	0	0	779,795	251,856	209.62%
General revenues:							
Property tax	5,047,874	5,032,367	0	0	5,047,874	5,032,367	0.31%
Income surtax	318,178	296,513	0	0	318,178	296,513	7.31%
Local option sales and services tax	932,874	815,986	0	0	932,874	815,986	14.32%
Unrestricted state grants	6,424,215	6,270,665	0	0	6,424,215	6,270,665	2.45%
Unrestricted investment earnings	228,369	319,850	2,193	9,756	230,562	329,606	-30.05%
Other general revenues	371,848	219,502	0	0	371,848	219,502	69.41%
Transfers	0	(10,717)	0	0	0	(10,717)	100.00%
Total revenues	17,166,211	16,140,022	651,563	633,379	17,817,774	16,773,401	6.23%
Program expenses:							
Governmental activities:							
Instructional	10,523,667	9,724,913	0	0	10,523,667	9,724,913	8.21%
Support services	4,155,215	4,142,838	6,006	10,751	4,161,221	4,153,589	0.18%
Non-instructional programs	18,123	12,005	670,901	635,230	689,024	647,235	6.46%
Other expenses	1,028,631	808,604	0	0	1,028,631	808,604	27.21%
Total expenses	15,725,636	14,688,360	676,907	645,981	16,402,543	15,334,341	6.97%
Change in net assets	1,440,575	1,451,662	(25,344)	(12,602)	1,415,231	1,439,060	-1.66%
Beginning net assets	6,175,286	4,723,624	230,858	243,460	6,406,144	4,967,084	28.97%
Ending net assets	\$ 7,615,861	6,175,286	205,514	230,858	7,821,375	6,406,144	22.09%

In fiscal 2008, property tax, income surtax, local option sales and services tax and unrestricted state grants account for 74.12% of the revenue and transfers from governmental activities while charges for service and sales and operating grants and contributions account for 99.66% of the revenue and transfers from business-type activities.

The District's total revenues were \$17,817,774 of which \$17,166,211 was for governmental activities and \$651,563 was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 6.23% increase in revenues and a 6.97% increase in expenses. Unrestricted state grants increased by \$153,550 to fund expenditures. The increases in expenses were related to increase in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$17,166,211 and expenses were \$15,725,636.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 10,523,667	9,724,913	8.21%	8,103,369	7,396,989	9.55%
Support services	4,155,215	4,142,838	0.30%	3,313,481	3,833,702	-13.57%
Non-instructional programs	18,123	12,005	50.96%	18,123	12,005	50.96%
Other expenses	1,028,631	808,604	27.21%	447,810	249,808	79.26%
Totals	<u>\$ 15,725,636</u>	<u>14,688,360</u>	<u>7.06%</u>	<u>11,882,783</u>	<u>11,492,504</u>	<u>3.40%</u>

- The cost financed by users of the District's programs was \$1,077,204.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,765,649.
- The net cost of governmental activities was financed with \$5,047,874 in property tax, \$318,178 in income surtax, \$932,874 in local option sales and services tax, \$6,424,215 in unrestricted state grants, \$228,369 in interest income and \$371,848 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$651,563 and expenses were \$676,907. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the West Delaware County Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$7,563,845, above last year's ending fund balance of \$3,884,677. The primary reason for the increase in combined fund balance in fiscal 2008 is due to receipts collected from the general obligation sales for the construction project initiated that year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The state's student enrollment driven funding formula has not provided much "new money" over the course of the last several years, yet the District maintains a competitive hiring salary for each of its job classifications. Gearing up for the long awaited construction program on the high school campus used General Fund resources to supplement debt funding. As a result, General Fund expenditures exceeded revenues for the third time in recent history.

- The District had an increase in Capital Projects Fund financial position from \$2,384,615 in fiscal year 2007 to \$5,900,446 in fiscal year 2008. This increase was a result of the issuance of \$5.8 million in general obligation bonds during the year.

Proprietary Fund Highlights

The Proprietary Fund net assets decreased from \$230,858 at June 30, 2007 to \$205,514 at June 30, 2008, representing a decrease of 10.98%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$11,105,714, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, furnishings athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 40.83% from the prior year, with building valuations increasing substantially due to the construction projects. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$301,189.

The original cost of the District's capital assets was \$18,830,974. Governmental funds account for \$18,491,181 with the remainder of \$339,793 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$6,026,547 at June 30, 2007, compared to \$9,169,487 reported at June 30, 2008. This increase resulted from the capital construction started, but not yet completed by the year end.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities June 30,		Business-type Activities June 30,		Total School District June 30,		Total Change June 30, 2007-08
	2008	2007	2008	2007	2008	2007	
Land	\$ 72,250	72,250	0	0	72,250	72,250	0.00%
Construction in progress	9,169,487	6,026,547	0	0	9,169,487	6,026,547	52.15%
Buildings	225,622	249,424	0	0	225,622	249,424	-9.54%
Land improvements	425,000	455,549	0	0	425,000	455,549	-6.71%
Machinery and equipment	1,037,745	916,861	175,610	165,144	1,213,355	1,082,005	12.14%
Total	\$ 10,930,104	7,720,631	175,610	165,144	11,105,714	7,885,775	40.83%

Long-Term Debt

At June 30, 2008, the District had \$11,112,435 in revenue bonded and other long-term debt outstanding. This represents an increase of 93.48% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had general obligations bonds payable of \$5,800,000 at June 30, 2008.

The District had revenue bonds payable from the Capital Projects Fund of \$2,940,000 at June 30, 2008.

The District had capital loan notes payable from the Special Revenue, Physical Plant and Equipment Fund of \$1,745,000 at June 30, 2008.

The District had early retirement payable from the General and Special Revenue, Management Levy Fund of \$627,435 at June 30, 2008.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
General Obligation Bonds	\$ 5,800,000	0	100.00%
Revenue Bonds	2,940,000	3,375,000	-12.89%
Capital Loan Notes	1,745,000	1,930,000	-9.59%
Early Retirement	627,435	438,535	43.08%
Totals	\$ 11,112,435	5,743,535	93.48%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could affect its financial health in the future:

- Continued budget concerns at the state level will affect future projections. The District has been forced to shift funding to property taxes.
- The District's continuing decline in student enrollment mirrors the state-wide trend. Since funding is received primarily on a per pupil basis, revenues have increased more slowly than expenditures. The District's Management Team is continually seeking additional efficiencies in the operation of the non-instructional program, and is also recommending reductions in education staffing whenever an opportunity is presented.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ron Goerdt, Director of Finance, West Delaware County Community School District, 601 New Street, Manchester, Iowa, 52057.

BASIC FINANCIAL STATEMENTS

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 7,454,655	14,716	7,469,371
Receivables:			
Property tax:			
Delinquent	66,746	0	66,746
Succeeding year	5,302,593	0	5,302,593
Income surtax	285,048	0	285,048
Accounts	178,964	70	179,034
Due from other governments	558,883	708	559,591
Inventories	0	27,089	27,089
Capital assets, net of accumulated depreciation (Note 4)	10,930,104	175,610	11,105,714
TOTAL ASSETS	24,776,993	218,193	24,995,186
LIABILITIES			
Accounts payable	515,043	1,831	516,874
Salaries and benefits payable	57,925	965	58,890
Accrued interest payable	164,253	0	164,253
Deferred revenue:			
Succeeding year property tax	5,302,593	0	5,302,593
Other	8,883	0	8,883
Unearned revenue	0	9,883	9,883
Long-term liabilities (Note 5):			
Portion due within one year:			
Revenue bonds payable	450,000	0	450,000
Capital loan notes payable	190,000	0	190,000
Early retirement payable	174,350	0	174,350
Portion due after one year:			
General obligation bonds payable	5,800,000	0	5,800,000
Revenue bonds payable	2,490,000	0	2,490,000
Capital loan notes payable	1,555,000	0	1,555,000
Early retirement payable	453,085	0	453,085
TOTAL LIABILITIES	17,161,132	12,679	17,173,811
NET ASSETS			
Invested in capital assets, net of related debt	5,651,170	175,610	5,826,780
Restricted for:			
Debt service	666,685	0	666,685
Talented and gifted	10,365	0	10,365
Beginning teacher mentoring program	1,589	0	1,589
Salary improvement program	4,637	0	4,637
Phase II	1,162	0	1,162
Professional development	16,319	0	16,319
Capital projects	315,880	0	315,880
Physical plant and equipment levy	578,113	0	578,113
Other special revenue purposes	261,501	0	261,501
Unrestricted	108,440	29,904	138,344
TOTAL NET ASSETS	\$ 7,615,861	205,514	7,821,375

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular instruction	\$ 6,990,510	393,753	1,175,154	0	(5,421,603)	0
Special instruction	1,793,130	206,731	150,662	0	(1,435,737)	0
Other instruction	1,740,027	469,303	24,695	0	(1,246,029)	0
	10,523,667	1,069,787	1,350,511	0	(8,103,369)	0
Support services:						
Student services	520,063	0	0	0	(520,063)	0
Instructional staff services	587,147	0	0	0	(587,147)	0
Administration services	1,256,536	0	0	0	(1,256,536)	0
Operation and maintenance of plant services	985,463	0	0	779,795	(205,668)	0
Transportation services	806,006	7,417	54,522	0	(744,067)	0
	4,155,215	7,417	54,522	779,795	(3,313,481)	0
Non-instructional programs:						
Food service operations	18,123	0	0	0	(18,123)	0
Other expenditures:						
Long-term debt interest	369,128	0	0	0	(369,128)	0
AEA flowthrough	580,821	0	580,821	0	0	0
Depreciation (unallocated)*	78,682	0	0	0	(78,682)	0
	1,028,631	0	580,821	0	(447,810)	0
Total governmental activities	15,725,636	1,077,204	1,985,854	779,795	(11,882,783)	0
Business-Type activities:						
Support services:						
Operation and maintenance of plant services	6,006	0	0	0	0	(6,006)
Non-instructional programs:						
Nutrition services	670,901	381,722	267,648	0	0	(21,531)
Total business-type activities	676,907	381,722	267,648	0	0	(27,537)
Total	\$ 16,402,543	1,458,926	2,253,502	779,795	(11,882,783)	(27,537)
General Revenues:						
Property tax for:						
General purposes				\$ 4,651,182	0	4,651,182
Capital outlay				396,692	0	396,692
Income surtax				318,178	0	318,178
Local option sales and services tax				932,874	0	932,874
Unrestricted state grants				6,424,215	0	6,424,215
Unrestricted investment earnings				228,369	2,193	230,562
Other general revenues				371,848	0	371,848
Total general revenues				13,323,358	2,193	13,325,551
Change in net assets				1,440,575	(25,344)	1,415,231
Net assets beginning of year				6,175,286	230,858	6,406,144
Net assets end of year				\$ 7,615,861	205,514	7,821,375

* This amount excludes the depreciation that is included in the direct expense of various programs.
SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 332,323	5,948,818	1,420,891	7,702,032
Receivables:				
Property tax:				
Delinquent	57,460	0	9,286	66,746
Succeeding year	4,539,199	0	763,394	5,302,593
Income surtax	285,048	0	0	285,048
Accounts	174,768	0	4,174	178,942
Due from other governments	292,644	266,224	15	558,883
TOTAL ASSETS	\$ 5,681,442	6,215,042	2,197,760	14,094,244
LIABILITIES AND FUND BALANCES				
Liabilities:				
Excess of warrants issued of bank balances	\$ 360,907	0	0	360,907
Accounts payable	187,187	314,596	13,260	515,043
Salaries and benefits payable	55,265	0	2,660	57,925
Deferred revenue:				
Succeeding year property tax	4,539,199	0	763,394	5,302,593
Income surtax	285,048	0	0	285,048
Other	8,883	0	0	8,883
Total liabilities	5,436,489	314,596	779,314	6,530,399
Fund balances:				
Reserved for:				
Debt service	0	378,500	288,185	666,685
Capital facility construction	0	5,206,066	0	5,206,066
Talented and gifted	10,365	0	0	10,365
Beginning teacher mentoring program	1,589	0	0	1,589
Salary improvement program	4,637	0	0	4,637
Phase II	1,162	0	0	1,162
Professional development	16,319	0	0	16,319
Unreserved:				
General	210,881	0	0	210,881
Capital projects	0	315,880	0	315,880
Management levy	0	0	290,647	290,647
Physical plant and equipment levy	0	0	578,113	578,113
Other special revenue purposes	0	0	261,501	261,501
Total fund balances	244,953	5,900,446	1,418,446	7,563,845
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,681,442	6,215,042	2,197,760	14,094,244

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 24)	\$ 7,563,845
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	10,930,104
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	113,552
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	285,048
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(164,253)
Long-term liabilities, including bonds payable, capital loan notes payable and early retirement payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(11,112,435)
Net assets of governmental activities (page 22)	<u>\$ 7,615,861</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 4,661,116	833,808	704,936	6,199,860
Tuition	530,119	0	0	530,119
Other	379,797	924,723	690,497	1,995,017
Intermediate sources	2,337	0	0	2,337
State sources	7,888,878	99,066	503	7,988,447
Federal sources	445,081	0	5,350	450,431
Total revenues	13,907,328	1,857,597	1,401,286	17,166,211
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	6,646,214	0	115,078	6,761,292
Special instruction	1,787,882	0	5,248	1,793,130
Other instruction	1,132,062	0	607,965	1,740,027
	9,566,158	0	728,291	10,294,449
Support services:				
Student services	513,638	0	10,025	523,663
Instructional staff services	585,638	0	1,509	587,147
Administration services	1,226,485	2,524	15,665	1,244,674
Operation and maintenance of plant services	1,108,262	0	93,189	1,201,451
Transportation services	654,951	0	142,106	797,057
	4,088,974	2,524	262,494	4,353,992
Non-instructional programs:				
Food service operations	0	0	12,588	12,588
Other expenditures:				
Facilities acquisitions	0	3,106,352	50,654	3,157,006
Long-term debt:				
Principal	0	0	620,000	620,000
Interest and fiscal charges	0	0	207,975	207,975
AEA flowthrough	580,821	0	0	580,821
	580,821	3,106,352	878,629	4,565,802
Total expenditures	14,235,953	3,108,876	1,882,002	19,226,831
Deficiency of revenues under expenditures	(328,625)	(1,251,279)	(480,716)	(2,060,620)
Other financing sources(uses):				
Issuance of general obligation bonds	0	5,800,000	0	5,800,000
Premium on issuance of bonds	0	36,111	0	36,111
Discount on issuance sold	0	(36,794)	0	(36,794)
Issuance costs on debt issued	0	(70,607)	0	(70,607)
Transfers in	401,500	0	816,133	1,217,633
Transfers out	0	(961,600)	(256,033)	(1,217,633)
Proceeds from the disposal of property	10,078	0	1,000	11,078
Total other financing sources(uses)	411,578	4,767,110	561,100	5,739,788
Net change in fund balances	82,953	3,515,831	80,384	3,679,168
Fund balance beginning of year	162,000	2,384,615	1,338,062	3,884,677
Fund balance end of year	\$ 244,953	5,900,446	1,418,446	7,563,845

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 26) \$ 3,679,168

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of capital assets in the year are as follows:

Capital outlays	\$ 3,499,516	
Depreciation expense	(280,798)	
Loss on disposal of capital assets	<u>(9,245)</u>	3,209,473

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 10,697

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	\$ (5,800,000)	
Repaid	<u>620,000</u>	(5,180,000)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (89,863)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement		<u>(188,900)</u>
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Changes in net assets of governmental activities (page 23) \$ 1,440,575

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities	
	Enterprise: Fund	Governmental Activities:
	School	Internal
	Nutrition	Service Fund
ASSETS		
Cash and pooled investments	\$ 14,716	113,530
Accounts receivable	70	22
Due from other governments	708	0
Inventories	27,089	0
Capital assets, net of accumulated depreciation (Note 4)	175,610	0
TOTAL ASSETS	218,193	113,552
LIABILITIES		
Accounts payable	1,831	0
Salaries and benefits payable	965	0
Unearned revenue	9,883	0
TOTAL LIABILITIES	12,679	0
NET ASSETS		
Invested in capital assets	175,610	0
Unrestricted	29,904	113,552
TOTAL NET ASSETS	\$ 205,514	113,552

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise: Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 381,722	75,082
TOTAL OPERATING REVENUES	381,722	75,082
OPERATING EXPENSES:		
Support services:		
Operation and maintenance of plant services:		
Services	6,006	0
Non-instructional programs:		
Food service operations:		
Salaries	265,996	0
Benefits	48,757	0
Services	2,205	0
Supplies	333,552	0
Depreciation	20,391	0
	670,901	0
Other enterprise operations:		
Benefits	0	64,385
Total non-instructional programs	670,901	64,385
TOTAL OPERATING EXPENSES	676,907	64,385
OPERATING INCOME (LOSS)	(295,185)	10,697
NON-OPERATING REVENUES:		
State sources	8,027	0
Federal sources	259,621	0
Interest on investments	2,193	0
TOTAL NON-OPERATING REVENUES	269,841	0
Changes in net assets	(25,344)	10,697
Net assets beginning of year	230,858	102,855
Net assets end of year	\$ 205,514	113,552

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 382,303	0
Cash received from miscellaneous	1,092	75,060
Cash payments to employees for services	(313,788)	(64,385)
Cash payments to suppliers for goods or services	(294,494)	0
Net cash provided by(used in) operating activities	(224,887)	10,675
Cash flows from non-capital financing activities:		
State grants received	8,027	0
Federal grants received	208,372	0
Net cash provided by non-capital financing activities	216,399	0
Cash flows from capital and related financing activities:		
Purchase of capital assets	(30,857)	0
Net cash used in capital and related financing activities	(30,857)	0
Cash flows from investing activities:		
Interest on investments	2,193	0
Net cash provided by investing activities	2,193	0
Net increase(decrease) in cash and cash equivalents	(37,152)	10,675
Cash and cash equivalents at beginning of year	51,868	102,855
Cash and cash equivalents at end of year	\$ 14,716	113,530
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (295,185)	10,697
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	50,541	0
Depreciation	20,391	0
Increase in inventories	(4,336)	0
Increase in accounts receivable	(70)	(22)
Increase in accounts payable	1,064	0
Increase in salaries and benefits payable	965	0
Increase in unearned revenue	1,743	0
Net cash provided by(used in) operating activities	\$ (224,887)	10,675
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:		
Current assets:		
Cash and pooled investments	\$ 14,716	113,530

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at \$50,541.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 7,735
TOTAL ASSETS	<u> 7,735</u>
LIABILITIES	<u> 0</u>
NET ASSETS	<u><u> 7,735</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2008

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest income	\$ 416
Total additions	<u>416</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>2,510</u>
Change in net assets	(2,094)
Net assets beginning of year	<u>9,829</u>
Net assets end of year	<u><u>\$ 7,735</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The West Delaware County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of Manchester, Ryan, Dundee, Greeley, and Masonville, Iowa, and the predominate agricultural territory in Delaware and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Delaware County Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The West Delaware County Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Delaware and Buchanan Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation plus unspent bonds proceeds identified as the reserved for capital facility construction and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District's proprietary funds are the School Nutrition Fund and the Internal Service Fund. The Nutrition fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the self-funded insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds are as follows:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board

Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax

receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the instruction and other expenditures functions exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2008.

(3) Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 560,100
Debt Service	Physical Plant and Equipment Levy	256,033
General	Capital Projects	<u>401,500</u>
Total		<u>\$ 1,217,633</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Capital Projects Fund transferred to the Debt Service Fund to pay revenue bonds.

Physical Plant and Equipment Fund transferred to the Debt Service Fund to pay capital loan notes.

Capital Projects Fund transferred to the General Fund to reimburse architect fees that were paid from the General Fund in the prior year.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 328,273	30,857	19,337	339,793
Less accumulated depreciation	163,129	20,391	19,337	164,183
Business-type activities capital assets, net	<u>\$ 165,144</u>	<u>10,466</u>	<u>0</u>	<u>175,610</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 72,250	0	0	72,250
Construction in progress	6,026,547	3,142,940	0	9,169,487
Total capital assets not being depreciated	6,098,797	3,142,940	0	9,241,737
Capital assets being depreciated:				
Buildings	5,351,329	10,402	72,146	5,289,585
Land improvements	627,046	0	0	627,046
Machinery and equipment	3,034,988	346,174	48,349	3,332,813
Total capital assets being depreciated	9,013,363	356,576	120,495	9,249,444
Less accumulated depreciation for:				
Buildings	5,101,905	26,309	64,251	5,063,963
Land improvements	171,497	30,549	0	202,046
Machinery and equipment	2,118,127	223,940	46,999	2,295,068
Total accumulated depreciation	7,391,529	280,798	111,250	7,561,077
Total capital assets being depreciated, net	1,621,834	75,778	9,245	1,688,367
Governmental activities capital assets, net	\$ 7,720,631	3,218,718	9,245	10,930,104

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 71,293
Support services:	
Administration	36,600
Transportation	94,223
	<u>202,116</u>
Unallocated depreciation	<u>78,682</u>
Total governmental activities depreciation expense	<u>\$ 280,798</u>
Business-type activities:	
Food services	\$ 20,391
Total business-type activities depreciation expense	<u>\$ 20,391</u>

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 0	5,800,000	0	5,800,000	0
Revenue Bonds	3,375,000	0	435,000	2,940,000	450,000
Capital Loan Notes	1,930,000	0	185,000	1,745,000	190,000
Early Retirement	438,535	303,724	114,824	627,435	174,350
Total	\$ 5,743,535	6,103,724	734,824	11,112,435	814,350

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond Issue of February 1, 2008		
		Principal	Interest	Total
2009	4.00 % \$	0	297,375	297,375
2010	4.00	0	237,900	237,900
2011	4.00	0	237,900	237,900
2012	4.00	0	237,900	237,900
2013	4.00	0	237,900	237,900
2014-2018	4.00-4.13	1,470,000	1,104,300	2,574,300
2019-2023	4.125	2,205,000	718,988	2,923,988
2024-2027	4.125	2,125,000	223,575	2,348,575
Total		\$ 5,800,000	3,295,838	9,095,838

Revenue Bonds Payable

Details of the District's June 30, 2008 local option sales and services tax revenue bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Bond Issue of January 1, 2006		
		Principal	Interest	Total
2009	4.00 % \$	450,000	119,541	569,541
2010	4.00	465,000	101,541	566,541
2011	4.00	480,000	82,941	562,941
2012	4.10	495,000	63,741	558,741
2013	4.10	515,000	43,446	558,446
2014	4.15	535,000	22,203	557,203
Total		\$ 2,940,000	433,413	3,373,413

The District has pledged future local option sales and services tax revenues to repay the \$3,785,000 bonds issued in January 2006. The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure and are payable through 2014. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

Annual principal and interest payments on the bonds are expected to require a high percentage of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,373,413. For the current year, \$435,000 in principal and \$136,941 in interest was paid on the bonds and total local option sales and services tax revenues were \$833,808.

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$378,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes

Details of the District's June 30, 2008 capital loan notes indebtedness is as follows:

Year Ending June 30,	Note Issue of January 1, 2006				
	Interest Rates	Principal	Interest	Total	
2009	3.65 %	\$ 190,000	64,280	254,280	
2010	3.65	200,000	57,345	257,345	
2011	3.65	210,000	50,045	260,045	
2012	3.65	215,000	42,380	257,380	
2013	3.70	220,000	34,532	254,532	
2014-2016	3.70-3.75	710,000	53,463	763,463	
Total		\$ 1,745,000	302,045	2,047,045	

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age

fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each employee is a maximum of \$315 per month contribution toward single health insurance coverage until age 65. The employee will also receive \$40 per day of unused sick leave. The early retirement benefits paid during the year ended June 30, 2008, totaled \$114,824.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008. Plan members were required to contribute 3.70% of their annual covered salary and the District was required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$558,500, \$503,923 and \$483,580 respectively, equal to the required contributions for each year.

(7) Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

West Delaware County Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$580,821 for

the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2008, expenditures in the instruction and other expenditures functions exceeded the amounts budgeted.

(10) Construction Commitment

The District has entered into various contracts of \$14,736,327 for the capital construction of the building addition and renovations. As of June 30, 2008, costs of \$9,169,487 had been incurred against the contracts. The balance remaining at June 30, 2008 will be paid as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 8,724,996	383,915	9,108,911	8,457,167	8,457,167	651,744
Intermediate sources	2,337	0	2,337	4,000	4,000	(1,663)
State sources	7,988,447	8,027	7,996,474	7,792,528	7,792,528	203,946
Federal sources	450,431	259,621	710,052	621,100	621,100	88,952
Total revenues	17,166,211	651,563	17,817,774	16,874,795	16,874,795	942,979
Expenditures:						
Instruction	10,294,449	0	10,294,449	9,763,381	10,225,000	(69,449)
Support services	4,353,992	6,006	4,359,998	4,555,510	4,555,510	195,512
Non-instructional programs	12,588	670,901	683,489	734,195	734,195	50,706
Other expenditures	4,565,802	0	4,565,802	3,339,707	4,275,000	(290,802)
Total expenditures	19,226,831	676,907	19,903,738	18,392,793	19,789,705	(114,033)
Deficiency of revenues under expenditures	(2,060,620)	(25,344)	(2,085,964)	(1,517,998)	(2,914,910)	828,946
Other financing sources, net	5,739,788	0	5,739,788	10,000	10,000	5,729,788
Excess(deficiency) of revenues and and other financing sources over(under) expenditures	3,679,168	(25,344)	3,653,824	(1,507,998)	(2,904,910)	6,558,734
Balance beginning of year	3,884,677	230,858	4,115,535	4,633,380	4,633,380	(517,845)
Balance end of year	\$ 7,563,845	205,514	7,769,359	3,125,382	1,728,470	6,040,889

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency and Internal Service Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures \$1,396,912.

During the year ended June 30, 2008, expenditures in the instruction and other expenditures functions exceeded the amounts budgeted.

OTHER SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Nonmajor Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 289,992	269,817	572,897	1,132,706	288,185	1,420,891
Receivables:						
Property tax:						
Current year delinquent	4,078	0	5,208	9,286	0	9,286
Succeeding year	361,000	0	402,394	763,394	0	763,394
Accounts	0	4,174	0	4,174	0	4,174
Due from other governments	7	0	8	15	0	15
TOTAL ASSETS	\$ 655,077	273,991	980,507	1,909,575	288,185	2,197,760
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,430	9,830	0	13,260	0	13,260
Salaries and benefits payable	0	2,660	0	2,660	0	2,660
Deferred revenue:						
Succeeding year property tax	361,000	0	402,394	763,394	0	763,394
Total liabilities	364,430	12,490	402,394	779,314	0	779,314
Fund balances:						
Reserved for:						
Debt service	0	0	0	0	288,185	288,185
Unreserved:						
Undesignated	290,647	261,501	578,113	1,130,261	0	1,130,261
Total fund balances	290,647	261,501	578,113	1,130,261	288,185	1,418,446
TOTAL LIABILITIES AND FUND BALANCES	\$ 655,077	273,991	980,507	1,909,575	288,185	2,197,760

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 308,244	0	396,692	704,936	0	704,936
Other	30,378	618,150	30,369	678,897	11,600	690,497
State sources	221	0	282	503	0	503
Federal sources	0	0	5,350	5,350	0	5,350
TOTAL REVENUES	338,843	618,150	432,693	1,389,686	11,600	1,401,286
EXPENDITURES:						
Current:						
Instruction:						
Regular instruction	115,078	0	0	115,078	0	115,078
Special instruction	5,248	0	0	5,248	0	5,248
Other instruction	0	607,965	0	607,965	0	607,965
Support services:						
Student services	10,025	0	0	10,025	0	10,025
Instructional staff services	1,509	0	0	1,509	0	1,509
Administration services	11,251	0	4,414	15,665	0	15,665
Operation and maintenance of plant services	93,189	0	0	93,189	0	93,189
Student transportation	42,210	0	99,896	142,106	0	142,106
Non-instructional programs:						
Food service operations	12,588	0	0	12,588	0	12,588
Other expenditures:						
Facilities acquisitions	0	0	50,654	50,654	0	50,654
Long-term debt:						
Principal	0	0	0	0	620,000	620,000
Interest and fiscal charges	0	0	0	0	207,975	207,975
TOTAL EXPENDITURES	291,098	607,965	154,964	1,054,027	827,975	1,882,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	47,745	10,185	277,729	335,659	(816,375)	(480,716)
OTHER FINANCING SOURCES (USES):						
Transfers in	0	0	0	0	816,133	816,133
Transfers out	0	0	(256,033)	(256,033)	0	(256,033)
Proceeds from the disposal of property	0	0	1,000	1,000	0	1,000
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(255,033)	(255,033)	816,133	561,100
Net change in fund balance	47,745	10,185	22,696	80,626	(242)	80,384
Fund balance beginning of year	242,902	251,316	555,417	1,049,635	288,427	1,338,062
Fund balance end of year	\$ 290,647	261,501	578,113	1,130,261	288,185	1,418,446

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>District-wide:</u>				
General Activity	\$ 712	0	0	712
Special Programs Learning Aids	635	0	0	635
Special Programs Special Olympics	6,952	1,597	2,770	5,779
District-Wide Destination Imagination	8,209	427	725	7,911
District-Wide Interest	11,174	795	0	11,969
	<u>27,682</u>	<u>2,819</u>	<u>3,495</u>	<u>27,006</u>
<u>Elementary:</u>				
Elem Vocal Music	258	369	746	(119)
Elem Band	122	0	23	99
Elem Book Fair	1,023	9,892	8,557	2,358
Elem Activity	5,470	70,804	28,109	48,165
Elem Faculty Vending	2,044	2,142	4,186	0
Elem Resale-Pencils	2,162	374	294	2,242
Elem Boxtops Fundraiser	1,399	1,711	0	3,110
Elem Playground Fundraiser	35,394	0	35,394	0
Elem Green School Project	2,357	2,291	2,335	2,313
Elem Yearbook	502	1,990	592	1,900
	<u>50,731</u>	<u>89,573</u>	<u>80,236</u>	<u>60,068</u>
<u>Middle School:</u>				
MS Drama	91	0	0	91
MS Vocal Music	539	4,565	2,844	2,260
MS Band	4,330	3,715	3,527	4,518
MS Boys Basketball	0	1,257	1,257	0
MS Football	0	1,991	1,181	810
MS Boys Track	0	2,624	2,624	0
MS Wrestling	0	417	417	0
MS Girls Basketball	0	2,945	2,945	0
MS Volleyball	0	1,842	1,442	400
MS Girls Track	323	374	697	0
MS Girls Cross Country	7	141	148	0
MS Book Fair	4,203	4,388	4,337	4,254
MS Activity	50,612	63,936	54,280	60,268
MS 5th Grade Activity	370	0	0	370
MS 8th Grade Field Trip	0	2,740	0	2,740
MS Rivers Day Activity	0	1,356	1,343	13
MS Peer Helpers	1,449	800	1,253	996
MS Faculty Vending	2,280	0	2,280	0
MS Student Council	92	0	0	92
MS FFA	55	0	0	55
MS Behavior Support	250	574	460	364
MS Yearbook	38	2,650	2,708	(20)
MS Concessions	9,118	26,398	27,237	8,279
	<u>73,757</u>	<u>122,713</u>	<u>110,980</u>	<u>85,490</u>

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>High School:</u>				
HS Drama	2,034	11,067	12,266	835
HS Speech	5,000	7,083	7,038	5,045
HS Vocal Music	0	26,806	24,693	2,113
HS Vocal Fundraisers	64	0	0	64
HS Band	363	7,584	7,947	0
HS Cheerleading	3,414	3,447	4,988	1,873
HS Boys Basketball	0	19,896	19,896	0
HS Football	23,610	44,953	47,803	20,760
HS Boys Soccer	913	2,064	2,929	48
HS Baseball	(830)	20,232	21,357	(1,955)
HS Boys Track	864	5,033	5,897	0
HS Boys Cross Country	789	1,786	2,614	(39)
HS Boys Tennis	39	0	0	39
HS Boys Golf	(320)	2,021	1,691	10
HS Wrestling	0	19,660	19,660	0
HS Girls Basketball	0	12,070	12,070	0
HS Volleyball	447	17,375	17,822	0
HS Girls Soccer	(23)	6,189	6,166	0
HS Softball	(656)	28,039	31,179	(3,796)
HS Girls Track	1,569	2,753	4,363	(41)
HS Girls Cross Country	0	1,844	1,844	0
HS Girls Golf	(284)	1,856	1,527	45
HS Activity Tickets	0	6,824	6,834	(10)
HS Book Fair	168	0	0	168
HS Activity	2,511	630	3,141	0
HS Faculty Vending	1,502	1,457	2,959	0
HS Student Vending	2,876	3,747	5,757	866
HS After Prom	150	0	0	150
HS Art	796	465	437	824
HS SADD	1,306	0	0	1,306
HS National Honor Society	2,249	2,654	2,629	2,274
HS Student Council	2,407	5,229	6,333	1,303
HS Dance Team	770	2,686	1,372	2,084
HS FBLA	821	28,289	27,678	1,432
HS FCCLA	108	2,195	1,346	957
HS Fundraising	0	1,455	1,454	1
HS Foreign Language Fundraising	91	3,737	3,406	422
HS Back to School Fundraiser	1,059	1,490	1,811	738
Class of 2004	49	0	49	0
Class of 2006	1,200	0	1,200	0
Class of 2007	131	0	100	31
Class of 2008	8,626	0	1,393	7,233
Class of 2009	0	36,576	31,961	4,615
Class of 2010	0	17	100	(83)
Class of 2011	0	37	0	37
HS FFA	1,391	35,901	29,400	7,892
HS FFA Service Grant	0	1,500	1,500	0
HS Athletic Equipment	6,008	1,200	4,800	2,408
HS Yearbook	25,192	24,893	23,165	26,920
HS YADC	2,742	305	679	2,368
	99,146	403,045	413,254	88,937
Total	\$ 251,316	618,150	607,965	261,501

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2008

	Capital Project Funds			
	Phase II GO Bond Construction	Hanson Auditorium Construction	Local Option Sales and Services Tax	Total Capital Projects
ASSETS				
Cash and pooled investments	\$ 5,500,194	0	448,624	5,948,818
Due from other governments	0	0	266,224	266,224
TOTAL ASSETS	\$ 5,500,194	0	714,848	6,215,042
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 294,128	1,000	19,468	314,596
Total liabilities	294,128	1,000	19,468	314,596
Fund balances:				
Reserved:				
Debt service	0	0	378,500	378,500
Capital facility construction	5,206,066	0	0	5,206,066
Unreserved:				
Capital projects	0	(1,000)	316,880	315,880
Total fund balances	5,206,066	(1,000)	695,380	5,900,446
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,500,194	0	714,848	6,215,042

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2008

	Capital Projects Fund			
	Phase II GO Bond Construction	Hanson Auditorium Construction	Local Option Sales and Services Tax	Total
REVENUES:				
Local sources:				
Local tax	\$ 0	0	833,808	833,808
Other	78,568	774,445	71,710	924,723
State sources	0	0	99,066	99,066
Total revenues	78,568	774,445	1,004,584	1,857,597
EXPENDITURES:				
Current:				
Support services:				
Administration services	2,524	0	0	2,524
Other expenditures:				
Facilities acquisitions	598,688	750,816	1,756,848	3,106,352
Total expenditures	601,212	750,816	1,756,848	3,108,876
Excess(deficiency) of revenues over(under) expenditures	(522,644)	23,629	(752,264)	(1,251,279)
OTHER FINANCING SOURCES(USES):				
Issuance of general obligation bonds	5,800,000	0	0	5,800,000
Premium on issuance of bonds	36,111	0	0	36,111
Discounts on issuance of bonds	(36,794)	0	0	(36,794)
Issuance costs on debt issued	(70,607)	0	0	(70,607)
Transfer out	0	0	(961,600)	(961,600)
TOTAL OTHER FINANCING SOURCES(USES)	5,728,710	0	(961,600)	4,767,110
Net change in fund balances	5,206,066	23,629	(1,713,864)	3,515,831
Fund balance beginning of year	0	(24,629)	2,409,244	2,384,615
Fund balance end of year	\$ 5,206,066	(1,000)	695,380	5,900,446

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues:									
Local sources:									
Local tax	\$ 6,199,860	6,144,866	6,040,121	5,979,031	5,338,738	4,515,905	4,212,372	3,827,887	3,666,078
Tuition	530,119	475,862	469,363	424,314	375,884	272,682	272,100	255,032	193,880
Other	1,995,017	1,290,501	1,027,705	733,515	619,639	656,419	651,948	822,518	788,653
Intermediate sources	2,337	18,945	1,648	992	2,225	3,894	41,653	9,783	4,282
State sources	7,988,447	7,665,915	7,069,095	6,830,325	6,728,038	7,116,621	7,313,103	7,523,511	7,245,607
Federal sources	450,431	490,028	525,365	534,309	620,330	412,125	312,970	321,777	374,484
Total	\$ 17,166,211	16,086,117	15,133,297	14,502,486	13,684,854	12,977,646	12,804,146	12,760,508	12,272,984
Expenditures:									
Current:									
Instruction:									
Regular instruction	\$ 6,761,292	6,245,118	5,876,112	5,507,524	5,470,527	5,750,083	5,420,190	5,188,355	5,117,975
Special instruction	1,793,130	1,778,297	1,604,609	1,421,712	1,807,235	1,505,916	1,687,942	1,535,971	1,392,313
Other instruction	1,740,027	1,791,278	1,668,535	1,687,515	1,248,063	1,228,576	1,199,853	1,212,844	1,170,280
Support services:									
Student services	523,663	506,034	506,248	461,371	475,490	456,332	472,608	476,028	422,185
Instructional staff services	587,147	627,900	637,959	606,391	744,472	838,173	676,644	699,871	609,650
Administration services	1,244,674	1,231,530	1,655,746	1,139,647	1,151,947	1,200,579	1,312,502	1,213,179	1,186,650
Operation and maintenance of plant services	1,201,451	1,295,088	1,119,330	919,307	847,699	838,538	754,499	864,468	780,356
Transportation services	797,057	721,294	669,179	631,989	606,693	569,502	560,570	606,839	590,262
Non-instructional programs	12,588	12,005	10,773	8,177	4,000	1,151	19,251	9,564	1,361
Other expenditures:									
Facilities acquisitions	3,157,006	6,060,294	221,750	91,893	182,404	172,587	129,261	105,881	158,467
Long-term debt:									
Principal	620,000	555,000	22,428	273,056	266,233	234,070	135,000	130,000	120,000
Interest	207,975	261,468	52,292	7,306	15,339	23,958	55,553	53,271	60,766
AEA flow-through	580,821	558,796	539,508	539,265	550,205	590,036	594,957	613,682	595,501
Total	\$ 19,226,831	21,644,102	14,584,469	13,295,153	13,370,307	13,429,501	13,018,830	12,709,953	12,205,766

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	\$ 24,581
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	234,332 *
			<u>258,913</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6592-G	<u>150,981</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES (TITLE V PROGRAM)	84.298	FY 08	<u>2,172</u>
SAFE AND DRUG-FREE SCHOOLS - STATES GRANTS	84.186	FY 08	<u>5,539</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 08	<u>82,630</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 08	<u>11,158</u>
FUND FOR THE IMPROVEMENT OF EDUCATION	84.215	FY 08	<u>5,350</u>
AREA EDUCATION AGENCY:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 08	<u>1,001</u>
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 08	<u>87,627</u>
SPECIAL EDUCATION - GRANTS TO STATES (MODEL HS)	84.027	FY 08	<u>2,616</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:			
IOWA DEPARTMENT OF EDUCATION:			
LEARN AND SERVE AMERICA - SCHOOL AND COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 08	<u>617</u>
TOTAL			<u>\$ 608,604</u>

* Includes \$50,541 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the West Delaware County Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
West Delaware County Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Delaware County Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 23, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Delaware County Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of West Delaware County Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Delaware County Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Delaware County Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of West Delaware County Community School District's financial statements that is more than inconsequential will not be prevented or detected by West Delaware County Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Delaware County Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

West Delaware County Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit West Delaware County Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Delaware County Community School District and other parties to whom West Delaware County Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Delaware County Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

March 23, 2009

NOLTE, CORNMAN & JOHNSON P.C.
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117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
West Delaware County Community School District

Compliance

We have audited the compliance of West Delaware County Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. West Delaware County Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of West Delaware County Community School District's management. Our responsibility is to express an opinion on West Delaware County Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Delaware County Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Delaware County Community School District's compliance with those requirements.

In our opinion, West Delaware County Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of West Delaware County Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered West Delaware County Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Delaware County Community School District's internal control over compliance.

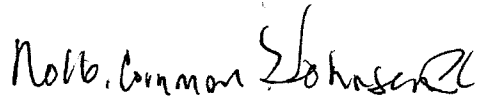
Members American Institute & Iowa Society of Certified Public Accountants

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Delaware County Community School District and other parties to whom West Delaware County Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

March 23, 2009

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, none of which are considered a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program were as follows:
 - Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Delaware County Community School District qualified as a low-risk auditee.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

II-A-08 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

Donations from Target and Box Tops for Education were recorded in the Elementary Activity account in the Student Activity Fund. These donations do not specify the purpose, other than instructional supplies; therefore, they should be receipted into the General fund for use in all instructional supplies/services.

There are Pencil Resale and Green Schoolhouse accounts. These accounts are not student run organizations and do not appear to be cocurricular in nature and should therefore, be run through the General Fund.

The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended.

Response - Donations for instructional purposes will be receipted into the General Fund.

Conclusion - Response accepted.

II-B-08 Clothing Purchased for Coaches - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Response - The District will discuss the purchase of clothing with the coaches. The Booster Club will be asked to supply the funding for coaches clothing.

Conclusion - Response accepted.

- II-C-08 Supporting Documents for Payments with Credit Cards - Payments made with credit cards do not always have detailed supporting documentation.

Recommendation - The District has a policy in place for credit card usage. The users of the credit cards need to provide detailed receipts for purchases made. The District should review procedures in place to ensure the proper detailed documentation will be available with paid credit card statements.

Response - The District will review credit card purchasing policy and business procedures with staff. Claims should have sufficient documentation before payment approval.

Conclusion - Response accepted.

- II-D-08 Purchase Orders - We noted during our audit that the District currently uses purchase orders in the purchase process; however, many of the purchase orders are actually completed after the product has been ordered and at times may be completed after the receipt of the products.

Recommendation - The advantage of using a purchase order system is that the approval of items being purchased is noted prior to ordering. When purchase orders are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding obligation. When monitoring the actual expenses it can be a helpful tool in knowing the outstanding orders which will be subsequently paid. This allows the person who approves the purchase order a greater insight of knowing if funds are available prior to making the purchase.

The District's current purchase order system should be reviewed and the necessary changes made so that all disbursements are approved by the appropriated administrator before the purchase of supplies takes place. The purchase order should be included with the invoice as support for approval of the purchase. The purchase orders should be prenumbered in order to maintain a system of control for outstanding purchases.

Response - The District will review purchase order policy and business procedures with staff so that purchases are approved by a building or department administrator prior to merchandise being ordered.

Conclusion - Response accepted.

- II-E-08 Cash Payments to Students - It was noted that when students travel on trips that they receive money for meals. The District has no documentation from the sponsor showing the distribution of the funds they received or receipts for the expenditures.

Recommendation - When the District issues money for student trips, the sponsor of the trip should have a signoff sheet for each student to sign when receiving their portion of the funds and the amount they received. The District should review procedures in place and implement controls to ensure documentation is gathered to support the check written for cash needed for the trip.

Response - The District will require students to sign off on the receipt of meal money.

Conclusion - Response accepted.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

No material weaknesses in internal control over the major program were noted.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget - District expenditures for the year ended June 30, 2008 exceeded the amount budgeted in the instruction and other expenditures functions.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - The District will amend the budget in the future to avoid exceeding the certified budget.

Conclusion - Response accepted.

IV-B-08 Questionable Disbursements - We noted disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

In review of the Student Activity Funds, we noted several purchases of gift certificates/cards and chamber bucks.

Recommendation - The District should refrain from purchasing gift cards, gift certificates and chamber bucks.

Response - The District will refrain from the purchase of gift cards and gift certificates.

Conclusion - Response accepted.

IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Edith Fortmann-Comley, Board Member Worked as Sub-Associate	Services	\$58

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the board member do not appear to be a conflict of interest.

IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - We will provide the minutes within the time period required, however, we are unable to control the publishing dates.

Conclusion - Response accepted.

IV-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.

IV-J-08 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required for record retention.

Response - The District will request from the bank an electronic copy of cancelled checks to retain for its files.

Conclusion - Response accepted.

IV-K-08 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - The District will have the Board President sign all contracts, either original signature or facsimile.

Conclusion - Response accepted.

IV-L-08 Financial Condition - The District had eight deficit student account balances totaling \$6,063 in the Special Revenue, Student Activity Fund at year end.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate the deficit.

Response - The District will continue to monitor the deficit accounts and investigate any available options to eliminate the deficit.

Conclusion - Response accepted.